



CITY OF LODI

COUNCIL COMMUNICATION

facilities. One such use includes possible future transactions with the newly formed California Independent System Operator (ISO), the operator of the majority of California's high voltage transmission grid. Private use limitations, however, also apply to certain transactions with the ISO.

Although we have not been able to find a way to remove private use limitations in ~~their~~ entirety, we have found a means by which we can refinance the debt of the combustion turbine at White Slough using tax exempt bonds while gaining the ability to enter into certain long term arrangements with the ISO. This added flexibility is achieved by issuing the bonds as "qualified 501 (c) (3) bonds". "501 (c) (3)" refers to the section in the Internal Revenue Code of 1986 relating to certain non-profit corporations, such as the ISO. The Code and the Treasury Regulations require that a public hearing be held under Section 147 (f) of the Code in order for the bonds to be issued as qualified 501 (c) (3) bonds. The purpose of the public hearing is to afford the public opportunity to be heard on the question as to the nature and location of the facilities to be either financed or refinanced by the issuance of the bonds. Since the facilities are located within the city limits of Lodi and since Lodi is the major project participant, the Lodi City Council is the appropriate jurisdictional body to hold such a public hearing.

Issuance of bonds as qualified 501 (c) (3) bonds has no adverse impact on bond interest rate, debt service savings nor term of the debt service payments. The only identified impact is increased operational flexibility of the facilities. This added flexibility could result in significant decreases in the cost of power from the project above and beyond the savings associated with the refinancing of the project.

FUNDING: None required.

A handwritten signature in cursive script, reading "Alan N. Vallow".

Alan N. Vallow
Electric Utility Director

PREPARED BY: Alan N. Vallow, Electric Utility Director

ANV/lst

C: City Attorney

APPROVED: _____

H. Dixon Flynn -- City Manager





***Please immediately confirm receipt
of this fax - 333-6702***

CITY OF LODI
P. O. BOX 3006
LODI, CALIFORNIA 95241-1910

ADVERTISING INSTRUCTIONS

SUBJECT: NOTICE OF PUBLIC HEARING REGARDING COMBUSTION TURBINE
POWER GENERATING STATION

PUBLISH DATES: WEDNESDAY, JANUARY 6, 1999

TEAR SHEETS WANTED: ONE

AFFIDAVIT AND BILL TO:

ALICE M. REIMCHE
CITY CLERK

DATED: JANUARY 4, 1999

ORDERED BY:


JENNIFER M. PERRIN
DEPUTY CITY CLERK

JACQUELINE L. TAYLOR
DEPUTY CITY CLERK

Faxed to the Sentinel at 369-1084 at 3:55 pm (time) on 1/4/99 (date) 2 (pages)
1/4/99 Phoned to confirm receipt of all pages at 4:10 (time) Jac/jm (initials)

NOTICE OF PUBLIC HEARING

Notice is hereby given pursuant to Section 147(f) of the Internal Revenue Code of 1986 that a public hearing will be held before the City Council of the City of Lodi (the "City") on January 20, 1999 at 7:00 p.m., or as soon thereafter as possible, at the Carnegie Forum, 305 W. Pine Street, in Lodi, California, on the proposal of the Northern California Power Agency ("NCPA") to issue one or more series of revenue bonds in an aggregate principal amount not to exceed \$100,000,000.

The bond proceeds will be used to finance and refinance the cost of the construction of a combustion turbine power generating station located at 12745 N. Thornton Road in Lodi, California. The facility is owned, operated and managed by the NCPA.

Notice is further given that at said hearing, all interested parties will have the opportunity to be heard on the question as to the nature and location of the facilities to be financed and refinanced and the issuance of such revenue bonds.

For further particulars, contact the office of the City Clerk of the City of Lodi, California, by phone at (209) 333-6702.

Dated: January 5, 1999

Alice M. Reimche
City Clerk
City of Lodi

RESOLUTION NO. 99-11

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING
THE ISSUANCE OF BONDS BY THE NORTHERN
CALIFORNIA POWER AGENCY FOR THE REFINANCING OF
A COMBUSTION TURBINE POWER GENERATING PLANT
LOCATED IN LODI, CALIFORNIA

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WHEREAS, the Northern California Power Agency (the "Agency") has heretofore issued its Multiple Capital Facilities Revenue Bonds, 1992 Series A (the "1992 Bonds"), a portion of the proceeds of which were used to acquire and construct a combustion turbine power generating plant located at 12745 N. Thornton Road in Lodi, California (the "Project"); and

WHEREAS, the Agency will now issue its Capital Facilities Revenue Bonds, 1999 Refunding Series A (the "Bonds") in an aggregate principal amount not to exceed \$100,000,000 on behalf of the City of Lodi (the "City") and certain other members of the Agency to provide for the refinancing of the Project and the payment and redemption of a portion of the 1992 Bonds; and

WHEREAS, pursuant to §147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), the City Council of the City (the "City Council") is the "applicable elected representative" of the City and is, thereby, authorized to approve the issuance of the Bonds by the Agency on behalf of the City; and

WHEREAS, the Project to be refinanced is located wholly within the City of Lodi, County of San Joaquin, State of California; and

WHEREAS, on January 6, 1999, the City caused to be published in a newspaper of general circulation in the County of San Joaquin a notice of public hearing concerning the issuance of Bonds and the nature and location of the facilities to be refinanced thereby; and

WHEREAS, the City Council has held a public hearing at which interested persons were given an opportunity to express their views concerning the issuance of the Bonds and the nature and location of the above-described facilities to be refinanced; and

WHEREAS, the Agency has requested that the City Council approve the issuance of the Bonds in order to satisfy the public approval requirement of §147(f) of the Code.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Lodi, as follows:

1. Pursuant to §147(f) of the Code, this City Council hereby approves the issuance of the Bonds in an aggregate principal amount not to exceed \$100 million, such Bonds to be issued by the Agency. This Resolution constitutes the approval of the issuance of the Bonds by the applicable elected representative of the governmental unit having jurisdiction over the area in which the Project is located in accordance with §147(f) of the code.

2. The members of the City Council and the officers of the City are hereby authorized and directed to take any and all actions and to execute any and all certificates and documents as may be necessary to carry out the purposes and intent of this Resolution.

3. This Resolution shall be in full force and effect from and after the date of its adoption.

Dated: January 20, 1999

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I hereby certify that Resolution No. 99-11 was passed and adopted by the City Council of the City of Lodi in a regular meeting held January 20, 1999, by the following vote:

AYES: COUNCIL MEMBERS – Hitchcock, Mann, Nakanishi, Pennino and
Land (Mayor)

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None


ALICE M. REIMCHE
City Clerk